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October 22, 2012

Via Electronic Filing

The Honorable Susan D. Wigenton, U.S.D.J.
United States Courthouse
50 Walnut Street, Room 4015
Newark, New Jersey 07101

**RE: Safeco Insurance Company of America v. TAK Construction, Inc., et. als.
Docket No.: CV-11-2522 (SDW)**

Dear Judge Wigenton:

Our firm represents Defendants in the above-referenced matter. I respectfully submit this letter in conjunction with Plaintiff's recent filing of a Motion for the Entry of Default Judgment against Defendants.

The within claim is brought by Plaintiff Safeco, pursuant to a written Indemnity Agreement with Defendants, to recover losses incurred in connection with a surety bond issued by Safeco on behalf of Defendant TAK Construction, Inc. as principal, in favor of the City of Perth Amboy, as obligee. The losses suffered by Plaintiff Safeco arise out of a certain bond claim made by the City of Perth Amboy in conjunction with the completion of a municipal construction project.

The respective parties in the within matter are also joint claimants in a pending action in the Superior Court of New Jersey (Middlesex County) brought against, inter alia, the City of Perth Amboy based on an improper termination by the City of Perth Amboy of a construction contract with Defendant TAK Construction and corresponding improper demand upon the Safeco surety. The anticipated recovery in this pending New Jersey Superior Court matter will have a substantial impact upon the quantum of damages to be claimed by Plaintiff Safeco in this Federal Court matter before Your Honor. The respective parties in the within matter have been working together in the corresponding New Jersey Superior Court action case in order to maximize the anticipated recovery against the Defendants therein. The State Court action is currently scheduled for trial in February, 2013.

In light of these factual circumstances, the parties in the within matter have recently met and agreed that the most prudent manner of proceeding would be to either dismiss and/or hold

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the within matter in abeyance pending the outcome of their joint efforts in the underlying State Court proceeding. Accordingly, I am in the process of circulating a proposed Stipulation/Consent Order which would afford Defendants an opportunity to vacate the prior Entry of Default and submit an Answer in this case. I anticipate that the parties will be in a position to submit said Stipulation/Consent Order to Your Honor within the next seven (7) days.

In conjunction with such intended procedure, I would respectfully ask Your Honor to consider scheduling a brief telephone conference with counsel so that we may explain our intentions in greater detail and effectuate same with Your Honor's guidance.

With the consent of Plaintiff's counsel, I would ask that Your Honor kindly defer any action on the pending Motion for Entry of Default Judgment for a period of seven (7) days so that the parties can submit the above-referenced Stipulation/Consent Order.

Your Honor's kind consideration of the request set forth herein is most greatly appreciated. Thank you.

Very truly yours,



Steve M. Kalebic

SMK/ml

cc: Lawrence Novak, Esq. – Via Email [lnovak@tiggr.com]